

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6667**

**BILL NUMBER:** HB 1124

**NOTE PREPARED:** Dec 29, 2002

**BILL AMENDED:**

**SUBJECT:** Kindergarten enrollment date.

**FIRST AUTHOR:** Rep. Porter

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues			
State Expenditures			4,269,988
Net Increase (Decrease)			(4,269,988)

LOCAL IMPACT	CY 2003	CY 2004	CY 2005
Local Revenues			10,177,000
Local Expenditures			
Net Increase (Decrease)			10,177,000

**Summary of Legislation:** This bill provides that a child must be at least five years of age on the following dates to officially enroll for a school year in a school corporation's kindergarten program: (1) August 1 of the 2004-2005 school year. (2) September 1 of the 2005-2006 school year or any subsequent school year. (Current law provides that a child must be at least five years of age on July 1.) It allows, instead of requires, a school corporation to adopt an appeals procedure for a parent who wishes to enroll a child who is not at least five years of age on the statutory date in kindergarten.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *State Tuition Support:* This bill will increase the average daily membership (ADM) of school corporations over a two-year period as compared to the ADM under current law. Consequently, this increase in ADM will also increase expenditures from the school funding formula. During the 2001-2002 school year, 72,703 students were enrolled in public school kindergarten. Assuming an even distribution of births over the 13-month period and the start date was moved one month for the 2001-2002 school year, each month will add 5,593 children to the statewide average daily membership (ADM). Under current statute, kindergarten students are counted as a half ADM. Consequently, the additional costs in the first year will be based on an additional ADM count of 2,796.

Based on the changes in ADM as a result of the dates of admission changes, the additional costs that are generated by the school funding formula are shown in the following table.

*Note:* The estimated costs are based on current state law projected for CY 2005 and CY 2006. The future costs that are associated with the additional ADM could be changed depending on the school formula adopted for CY 2005 and CY 2006.

Year	State Tuition Support	At-Risk Monies	Growing Enrollment	Primetime	Total State Support
2005	\$8,272,000	\$165,000	\$1,818,000	\$47,000	\$10,302,000
2006	\$18,740,000	\$335,000	\$2,299,000	\$261,000	\$21,635,000

*State PTRC and Homestead:* The bill is projected to reduce the local school General Fund property tax levies by \$0.1 M for CY 2005 and \$1.2 M for CY 2006. The reduction in state Property Tax Replacement Credits and Homestead Credits (67.4% of school General Fund levies), is estimated to be \$67,400 (\$0.1M \* .674) for CY 2005 and \$808,800 (\$1.2 M \* .674) for CY 2006.

*Net State Impact:* P.L. 291-2201 and P. L. 192-2002ss changed the payment schedule for the distribution of Property Tax Replacement Credits. Before CY 2002, 50% of the calendar year distribution was made in the first six months of the calendar year and the remaining 50% was made in the second six months of the calendar year. For CY 2002 and years after, 33.4% of the calendar year distribution is made in the first six months of the calendar year and the remaining 66.6% is made in the second six months of the calendar year.

Pursuant to P.L. 291-2001 the Governor changed the payment schedule for the distribution of tuition support for CY 2002 and years after. The old schedule provided 6 approximately equal monthly distributions in the first six months and 6 approximately equal monthly distributions in the second six months of a calendar year. The new schedule provides 5 approximately equal monthly distributions in the first six months and 7 approximately equal monthly distributions in the second six months of a calendar year.

The net state impact for FY 2005 equals \$4,269,988, which is \$4,292,5000 (5/12th of \$10,302,000 additional state tuition support) minus \$22,512 (33.4% for January-June of CY 2005 \* 67,400 reduced PTRC & Homestead Credits).

The net state impact for FY 2006 equals \$14,709,056, which is \$15,024,083 (7/12th of \$10,302,000 + 5/12th of \$20,635,000) minus \$315,028 (66.6% for July-December of CY 2005 \* \$0.1M + 33.4% for January-June of CY 2006 \* \$1.2M).

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** The following table shows the additional number of students who would be added to the school corporations over the two-year period when the admission date is changed. As the table indicates, more than half of the school corporations (56%) would experience increases of between 15 and 50 students. Another 20% of the school corporations could experience increases of more than 50 students.

<b><u>Additional Number of Students over 2-Year Period</u></b>	<b><u># of School Corporations</u></b>	<b><u>Percentage Distribution</u></b>
Less than or equal to 5 Students	6	2%
More than 5 and less than or equal to 10 Students	13	4%
More than 10 and less than or equal to 15 Students	48	16%
More than 15 and less than or equal to 25 Students	86	29%
More than 25 and less than or equal to 50 Students	77	26%
More than 50 and less than or equal to 100 Students	38	13%
More than 100 and less than or equal to 200 Students	21	7%
More than 200 Students	<u>5</u>	2%
Total Number of School Corporations	294	

An alternative way to look at the additional students is by elementary school during the first year of implementation. As the table indicates, about 84% of the elementary schools would experience increases of fewer than eight kindergarten students the first year.

<b>Additional Number of Kindergarten Students the First Year</b>	<b># of Elementary Schools</b>	<b>Percentage Distribution</b>
1 Student	5	0.45%
2 Students	67	6.06%
3 Students	119	10.76%
4 Students	173	15.64%
5 Students	191	17.27%
6 Students	168	15.19%
7 Students	140	12.66%
8 Students	110	9.95%
9 Students	47	4.25%
Greater than or equal to 10 and less than 15 Students	75	6.78%
Greater than or equal to 15 and less than 25 Students	8	0.72%
25 or more Students	<u>3</u>	<u>0.27%</u>
Total Number of Schools	1,106	100%

Currently, schools can admit students with birthdays between July and September by using a waiver. The Department of Education conducted a survey in the summer of 2000. The survey included 184 schools, and the schools that responded estimated that they would admit 2,041 students early using the waiver process. The admission of the students would lower the fiscal impact of moving the start date by about 10%.

Depending on the existing capacity of each school corporation, some school corporations may need to build new classrooms, add new teachers, acquire additional buses, or incur more route miles to transport kindergarten children to school. Other school corporations may be able to accommodate the additional children with current staff and facilities.

School corporations with classroom shortages may need to rent classrooms from local businesses or churches or use temporary classrooms until new classrooms are built. School corporations which add new classrooms will also incur additional costs for utilities and custodial care.

**Explanation of Local Revenues:** This bill is projected to reduce the general fund property tax levy by \$0.1 M for CY 2005 and \$1.2 M for CY 2006. The net increase in revenue for schools would be \$10.2 M for CY 2005 and \$20.4 M for CY 2006.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local school corporations.

**Information Sources:** Department of Education Databases and Survey.

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